

DRAFT 1998 STIP INTERIM GUIDELINES

The purpose of these interim guidelines is to assist Caltrans and regions in the development of their project proposals for the 1998 State Transportation Improvement Program (STIP) and to provide interim guidance for the implementation of SB 45 pending the adoption of new permanent STIP guidelines. Caltrans, in cooperation with the Commission, regional agencies, and local governments, will develop new permanent STIP guidelines and submit them to the Commission by September 15, 1998. The Commission will hold public hearings and adopt them by December 31, 1998.

SB 45 was enacted in 1997 with the following basic objectives:

- Preserve the basic planning and programming process, avoiding legislative budgeting of projects, while changing the STIP from a project delivery document to a resource management document.
- Transfer transportation decision making responsibility to those who are closest to the problems.
- Eliminate artificial constraints and barriers to programming.
- Preserve geographic equity through a measure of “return to source,” while recognizing that California is one state with statewide concerns.
- Place State highway and local road and transit projects on equal footing for access to support costs.
- Recognize the Caltrans role as owner-operator of the State highway system, while removing Caltrans from lead responsibility for resolving urban congestion problems created largely by local decisions.
- Provide incentives for regional accountability for the timely use of funds.
- Retain the California Transportation Commission role as guardian of State capital dollars, with responsibility for determining how best to manage those dollars in a wise and cost-effective manner.

The Commission intends to carry out these objectives through its guidelines, stressing accountability, flexibility, and simplicity.

Note on Nomenclature. The statutes enacted by SB 45 use the single term interregional improvement program to refer both to a funding program (25% of new STIP funds) and to a Caltrans-prepared document. To avoid confusion, these guidelines refer to the funding program as the interregional improvement program, or simply interregional program, and to the document as the interregional transportation improvement program (ITIP). This parallels the distinction in statute between the regional improvement program (the funding program) and the regional transportation improvement program (the document).

1998 STIP Contents:

1. General. The 1998 STIP will include projects carried forward from the 1996 STIP and new projects and reserves from among those proposed by regional agencies in their regional transportation improvement programs (RTIPs) and by Caltrans in its interregional transportation improvement program (ITIP). State highway project costs in the STIP will include all Caltrans project support costs and all project listings will specify costs for each of the following four components: (1) completion of all permits and environmental studies; (2) preparation of plans, specifications, and estimates; (3) right-of-way acquisition; and (4) construction and construction management and engineering, including surveys and inspection. (See sections 31 and 34 below for guidance on the display of project components and their costs.)

The 1998 STIP is a transition STIP, covering the 6-year period from FY 1998-99 through FY 2003-04. The 2000 STIP will cover the 4-year period from FY 2000-01 through FY 2003-04. Later biennial STIPs will cover 4-year periods, each adding two new years of programming.

2. County and Interregional Shares. Under SB 45, the STIP will consist of two broad programs, the regional program funded from 75% of new STIP funding and the interregional program funded from 25% of new STIP funding. The 75% regional program is further subdivided by formula into county shares. County shares are available solely for projects nominated by regions in their RTIPs. The Caltrans ITIP will nominate only projects for the interregional program. Under restricted circumstances, an RTIP may also recommend a project for funding from the interregional share (see section 23 below).

The 1998 STIP period constitutes a single county share period ending FY 2003-04; later county share periods will be 4-year periods, beginning with the period ending FY 2007-08. Unlike the former county minimums, both surpluses and deficits will carry forward from one period to the next. The Commission will program each new project, including Caltrans support costs, either from a county share or from the interregional share. (See sections 37-42 below for the method of counting cost changes after initial programming.)

3. Joint Funding from Regional and Interregional Shares. If Caltrans and a regional agency agree, they may recommend that a new project or a cost increase in a 1996 STIP project be jointly funded from county and interregional shares. In that case, the region will nominate the county share in the RTIP and Caltrans will nominate the interregional share in the ITIP.
4. ~~Programming of Retrofit Soundwall Projects. In the Fund Estimate, the Commission is setting aside \$200 million for potential programming of retrofit~~

soundwall projects from the Caltrans May 3, 1989 priority list. [As an alternative, the Commission could set aside a lesser amount in the 1998 STIP Fund Estimate and declare its intent to complete funding of the 1989 list over 8 years, including the 2002 STIP.] The Commission will not program these funds or include them in the calculation of county and interregional shares pending clarification of Legislative intent for the funding of soundwall projects that remain from that list. If permitted by the Legislature, the Commission intends to program projects nominated by Caltrans from this list off the top, outside the regional and interregional programs, with the stipulation that Caltrans may withhold from nomination any project that it finds not cost effective. The Commission will program soundwall projects that are not on the May 3, 1989 priority list only if they are proposed in an RTIP for funding from a county share.

4. ***Programming of Retrofit Soundwall Projects.*** *The Commission seeks further clarification from the Legislature as to whether the programming of retrofit soundwall projects remaining from the Caltrans May 3, 1989 priority list should be a regional or a statewide responsibility. Pending that clarification, the Commission advises that a region wishing to have a project programmed from this list should include the project in its RTIP for funding from the county share. If the Legislature later agrees that the programming of projects from the May 3, 1989 list should be a statewide responsibility, the Commission would propose that legislation permit projects from this list to be nominated by Caltrans off the top, outside the regional and interregional programs, with the stipulation that Caltrans might withhold from nomination any project that it found not cost effective. In that case, the Commission would shift any 1998 RTIP projects taken from the May 3, 1989 list from the county share to funding off the top, and the county share would be credited accordingly. In any case, the Commission intends to program soundwall projects that are not on the May 3, 1989 priority list only if they are proposed in an RTIP for funding from a county share.*
5. **1996 STIP Projects.** All 1996 STIP project costs will be funded off the top prior to the division of new funds between the regional and interregional programs. This grandfathered funding will include Caltrans support costs, and the project cost display for 1996 STIP projects will conform to the same standards used for new STIP projects. Any cost changes to 1996 STIP projects will be drawn from or credited to county and interregional shares the same as if they were cost changes to new 1998 STIP projects. Except where there is a proposal for jointly funding a cost increase from county and interregional shares, cost changes that Caltrans requests for projects originally programmed under the former intercity rail, interregional road system, or retrofit soundwall programs or for NAFTA projects programmed in the 1996 STIP will be drawn from or credited to the new interregional share. All other cost changes will be drawn from or credited to the appropriate regional share.

STIP Requirements for All Projects:

6. **Project Study Reports.** A new project may not be included in either an RTIP or the ITIP without a complete project study report (PSR) or, for a project that is not on a State highway, a PSR equivalent or a major investment study (MIS) prepared according to Federal transportation program guidelines. This requirement applies to the programming of project development components as well as to right-of-way and construction. This requirement does not apply to the programming of project planning, programming, and monitoring or to the STIP match of RSTP/CMAQ funds. A PSR is a report that meets the standards of the Commission's PSR guidelines. For Transportation Enhancement Activities (TEA) projects, an application prepared in accordance with the Commission's TEA program guidelines is a PSR equivalent. For a transit project, the Commission's Uniform Transit Application is a PSR equivalent. A project study report equivalent will, at a minimum, be adequate to define and justify the project scope, cost and schedule to the satisfaction of the regional agency. Though a PSR or equivalent may focus on the project components proposed for programming, it must provide at least a preliminary estimate of costs for all components. The PSR, PSR equivalent, or MIS need not be submitted with the RTIP or ITIP. However, the Commission or its staff may request copies of a project's report to document the project's cost or deliverability.
7. **Full and Partial Funding.** Project components may be programmed sequentially. That is, a project may be programmed for project development without being programmed for right-of-way or construction. A project may be programmed for right-of-way without being programmed for construction. However, the Commission will program a project component only if it finds that the component itself is fully funded, either from **1998** STIP funds or from other committed funds.

Before proposing to program a project's components sequentially, Caltrans or the regional agency should identify the availability of future funding (either STIP or non-STIP) to complete construction of a useable segment, consistent with the regional transportation plan or the Caltrans interregional strategic plan.

All regional agencies with rail transit projects shall submit full funding plans describing the overall project and/or useable project segment. The projects shall list Federal, State, and local funding categories by fiscal year over the time-frame that funding is sought. Moreover, should the project schedule exceed the funding horizon, then the amount needed beyond what is currently requested shall be indicated. This information may be incorporated in the project fact sheets (see section 30).

The Commission will regard non-STIP funds as committed when the agency with project discretionary authority over the funds has made its commitment ***to the***

project by ordinance or resolution. For Federal formula funds, including RSTP, CMAQ, and Federal formula transit funds, the commitment may be by Federal TIP adoption. For Federal discretionary funds, the commitment may be by Federal approval of a full funding grant agreement or by grant approval.

8. Completion of environmental process. The Commission may program funding for project right-of-way or construction only if it finds that the sponsoring agency will complete the environmental process and can proceed with right-of-way acquisition or construction within the six-year period of the 1998 STIP.
9. Caltrans/Regional Consultations. Caltrans and regional agencies shall consult with each other in the development of the ITIP and the RTIPs. As a part of this consultation, Caltrans will advise regional agencies, as far in advance as is practicable, of projects that may be or are likely to be included in the ITIP, ***including the potential for joint funding from county and interregional shares***, and will seek the advice of the regional agencies regarding these projects. The consultation should allow regional agencies to consider and to advise Caltrans regarding the potential impact of the ITIP on the programming of projects in the RTIP. The Commission encourages Caltrans to assist the regional agencies that are responsible for preparing a Federal TIP by identifying projects that may be included in the ITIP, recognizing that Federal regulations generally require that a project in a county with an urbanized area be included in the Federal TIP in order to qualify for Federal funding.

As part of this consultation, each regional agency should seek and consider the advice of Caltrans regarding ~~the programming of projects on the State highway system~~ ***potential regional program funding for State highway projects*** and should advise Caltrans, as far in advance as is practicable, of staff recommendations or other indications of projects that may be or are likely to be included in the RTIP. The consultation should allow Caltrans to consider and advise the regional agency regarding the potential impact of the RTIP on the programming of projects in the ITIP. Where the regional agency prepares a Federal TIP, the consultation should provide for the timely inclusion of State highway projects in the Federal TIP.

Nothing in this section is meant to require that Caltrans or a regional agency make final commitments regarding the inclusion of particular projects in the ITIP or RTIP in advance of the March 2 deadline for submission.

10. Minor projects. There is no minimum size for a STIP project. The minor reserve in the Caltrans State Highway Operation and Protection Program (SHOPP) is for SHOPP projects only. The Commission will not allocate funds from the SHOPP minor program for capacity-increasing projects, including bicycle and pedestrian facilities, soundwalls, and enhancements and mitigation for STIP projects.

Regional Improvement Program:

11. Submittal of RTIPs. After consulting with Caltrans, each regional agency shall adopt and submit its RTIP to the Commission and to Caltrans no later than Monday, March 2, 1998. The RTIP will include and separately identify:
 - (a) Programming proposals from the county share(s) for the six-year STIP period ending FY 2003-04. These proposals may include new projects, changes to prior STIP projects, and program reserves.
 - (b) Any request to advance a future county share for a larger project (permitted only in regions under 1 million population).
 - (c) Any project recommendations for the interregional share.

12. Project Planning and Programming. The RTIP may propose to program or reserve up to 2 percent of the county share for project planning, programming and monitoring by the transportation planning agency or, within the Southern California Association of Governments (SCAG) area, by a county transportation commission. If a regional agency receives Federal metropolitan planning funds, however, the RTIP may program or reserve no more than _% of the county share for that agency. ~~Where~~ **If** the RTIP proposes programming or reserving funds for both SCAG and a county transportation commission, the total will not exceed 2 percent of the county share. For the purpose of this section, the county share is the formula distribution county share identified in the Fund Estimate (i.e., excluding the county minimum deficit carried forward from the 1996 STIP).

Funds programmed for this purpose should be spread across the six years of the STIP. When allocated by the Commission, the funds will be available to ~~reimburse~~ **cover** costs of:

- Regional transportation planning, including the development and preparation of the regional transportation plan.
- Project planning, including the development of project study reports or major investment studies, conducted by regional agencies or by local agencies in cooperation with regional agencies.
- Program development, including the preparation of RTIPs and studies supporting them.
- Monitoring the implementation of STIP projects, including project delivery, timely use of funds, and compliance with State law and the Commission's guidelines.

Caltrans expenses for these purposes are included in the Department's annual budget and will not be funded through the STIP.

13. TEA Restriction on County Shares. In the Fund Estimate, the Commission will identify a portion of each county share as restricted to Transportation

Enhancement Activities (TEA) purposes. In the RTIP, the regional agency may program this TEA county share only for TEA projects or for a reserve for future TEA projects. A region may choose to program all or part of its TEA share initially or may choose to wait until the Commission issues further guidance for the TEA program after enactment of a Federal transportation reauthorization act. That will probably be in Spring 1998, with the guidelines expected in mid- to late-1998. In any case, the Commission does not intend to allocate the restricted share funds to TEA projects until Federal reauthorization is enacted and the status of, and possible changes to, the TEA program are clear.

A region, in its RTIP, may reduce or eliminate the TEA restriction on a county share by agreeing to use at least an equivalent amount of its RSTP funds for TEA-eligible projects. A region electing this option will identify the specific dollar amount of RSTP funds pledged for this purpose in the RTIP.

14. Long-term Advances and Reserves of County Shares. A region with a population of less than 1 million may, in its RTIP, ask the Commission to advance an amount beyond its county share for a larger project. The requested advance may not exceed 200 percent of the formula distribution county share identified in the Fund Estimate (i.e., excluding the cumulative deficit carried forward from the 1996 STIP). The RTIP will separately identify the project or project components it proposes to program with the advance, following the same display format used for other RTIP projects.

Any region may, in its RTIP, ask to reserve part or all of its county share until the next county share period, to build up a larger share for a higher cost project. This means foregoing the programming of the funds until at least the 2002 STIP, when the four-year period ending FY 2007-08 will first be programmed. Any current county shares reserved for the next county share period would free up current period funding that Commission might use to advance county shares in other counties. SB 45 also permits the Commission, with the consent of Caltrans, to consider advancing county shares by reserving a portion of the interregional share until the next county share period.

15. Reserves for 2000 STIP. Any region may, in its RTIP, ask to reserve part or all of its county share for programming in the 2000 STIP. The Commission urges regions to consider the need to have funding set aside in the out years of the 1998 STIP for the project development of projects that would be delivered for construction in the period beyond the 1998 STIP period. A reserve for the 2000 STIP will retain this capacity, even if particular projects have not yet been identified. The Commission will program these reserves only in the four-year period for which the 1998 and 2000 STIPs overlap (FY 2000-01 through FY 2003-04). A reserve for the 2000 STIP does not free up funding to advance county shares in other counties.

16. Short-term Reserves. A region may, in its RTIP, propose a short-term reserve in each of the first two years of the STIP. This reserve would be available for the funding of STIP amendments, including amendments to add projects that the region has not yet identified and that will be ready for allocation within that time frame. These projects might include, for example, projects that formerly would have been programmed under the Traffic Systems Management or Transit Capital Improvement programs. Because a short-term reserve precludes the programming of the funds elsewhere, the Commission will apply the timely use of funds rule (see section 48 below) to a short-term reserve as if it were a programmed project.

17. RSTP/CMAQ Match Reserve. A region may, in its RTIP, propose a reserve *from its county share* for each year of the STIP to match Regional Surface Transportation Program and Congestion Mitigation and Air Quality program (RSTP/CMAQ) funds, as authorized by Streets and Highways Code Section 188.5(e). At the request of the region, the Commission may allocate funds from this reserve as a lump sum, to be administered by Caltrans under its Local Assistance program and allocated by Caltrans to eligible RSTP and CMAQ projects without further Commission action. Funds *STIP funds* programmed and allocated to match RSTP and CMAQ projects *funds* are available for any purpose permissible under the Federal STP and CMAQ programs and under Article XIX of the California Constitution.

18. Regional Improvement Program Project Eligibility. Except for project planning, programming, and monitoring, all STIP projects will be capital projects (including project development *costs*) needed to improve transportation in the region. These projects generally may include, but are not limited to, improving State highways, local roads, public transit (including buses), intercity rail, pedestrian and bicycle facilities, grade separations, transportation system management, transportation demand management, soundwalls, intermodal facilities, and safety. Non-capital *costs for transportation system management or transportation demand management may be included where the regional agency finds the project to be a cost-effective substitute for capital expenditures. Other non-capital* projects (e.g. road and transit maintenance, ~~ridesharing operations, and traffic management operations~~) are not eligible.

In addition to meeting general program standards, all STIP projects must meet eligibility requirements specific to the STIP's funding sources. ~~With few exceptions, STIP projects will~~ ***For the 1998 STIP, the Commission expects all projects to*** be funded from the State Highway Account (SHA), which includes both State revenues and Federal revenues. ~~The only exceptions will be for projects that can be funded from the State Public Transportation Account (PTA).~~ According to the Fund Estimate only \$___ million is available from the PTA for new projects in the 1998 STIP. ~~The SHA and the PTA have quite different project eligibility criteria.~~

Except for project planning, programming and monitoring, regional program STIP nominations will be consistent with the following statutory sequence of priorities for programming from the State Highway Account:

- Safety improvements on transportation facilities other than State highways where physical changes, other than adding new capacity, would reduce fatalities and the number and severity of injuries. (Safety projects on State highways are programmed in the SHOPP.)
- Transportation capital improvements that expand capacity or reduce congestion, or do both. These improvements may include the reconstruction of local roads and transit facilities and capital *non-capital* expenditures for transportation systems management and transportation demand management projects *that are a cost-effective substitute for capital expenditures*.
- Environmental enhancement and mitigation, including TEA projects and soundwall projects.

Article XIX of the California Constitution permits the use of State revenues in the SHA only for State highways, local roads, and guideway fixed facilities. This means, for example, that rail rolling stock and buses may be funded only from the Federal revenues in the SHA. For such projects, the non-Federal match (generally a minimum of 11%) will have to be provided from non-SHA sources. Unless there are sufficient PTA funds available, this will mean a non-STIP source.

19. ~~PTA Funding. The RTIP may include proposed PTA funding for a regional program project with the understanding that the Commission's inclusion of the project in the STIP is subject to sufficient funding being available and subject to the programming priorities in section 47 below. Where the RTIP proposes PTA funds to match SHA Federal revenues, the RTIP may indicate that local funds will provide the non-Federal match if PTA funds are not available.~~

19. ***STIP Funding to Substitute for Local Funding. An RTIP may propose, from the county share, to increase a project's STIP funding to replace local funding already committed, provided that the local funding has not been and will not be expended or encumbered under contract prior to the Commission's allocation of STIP funds. The proposal will include the revised basis for cost sharing, as specified in section 33 below.***

20. ***Pooling of County Shares.*** Two or more regional agencies may agree to consolidate their county shares for the 1998 STIP county share period (ending FY 2003-04) and the following share period (ending FY 2007-08). A pooling agreement will become effective for the 1998 STIP period if each regional agency adopts a resolution incorporating the agreement and submits it to the Commission with its RTIP, not later than March 2, 1998. Similarly, SACOG may pool the shares of any counties in its region by adopting a resolution and submitting it with its RTIP, not later than March 2, 1998.

On the basis of a prior agreement, the Commission recognizes the consolidation of the county shares for Amador and Calaveras counties through the end of the 1998 STIP period. These two regions may extend this agreement if each adopts a resolution incorporating the agreement and submits it with its RTIP, not later than March 2, 1998.

As an alternative to pooling, two regional agencies may agree to accomplish the same purpose by agreeing to a loan of a specified dollar amount from one region's county share to the other during for the 1998 STIP period, with the loaned amount to be returned in the following county share period (first available in the 2002 STIP). A regional agency, in its RTIP, may also propose to contribute all or a portion of its current county share for the programming of a project located in another county.

The Metropolitan Transportation Commission (MTC) may pool its county shares for the 1998 STIP period by adopting a resolution and submitting it with its RTIP, not later than March 2, 1998, provided that the amount of any county share advanced or reserved is not more than 15 percent of the formula distribution county share identified in the Fund Estimate (i.e., excluding the cumulative deficit carried forward from the 1996 STIP).

Interregional Improvement Program:

21. General. The interregional improvement program consists of STIP projects and reserves funded from the interregional program share, which is 25% of new STIP funding. Caltrans will nominate a program of projects for the interregional share in its interregional transportation improvement program (ITIP). The interregional program has two parts:
 - (a) The first, funded from 10% of new STIP funding, is nominated solely by Caltrans in the ITIP. It is subject to the north/south 40%/60% split and otherwise may include projects anywhere in the State. The projects may include State highway, intercity passenger rail, mass transit guideway, or grade separation projects.
 - (b) The second part, funded from 15% of new STIP funding, is not subject to the north/south split. It is limited to intercity rail projects and to improvements outside urbanized areas on interregional road system routes (which are specified in statute). At least 15% of the 15% (or 2.25% of new STIP funding) must be programmed for intercity rail projects, including grade separation projects.

Under restricted circumstances, an RTIP may also recommend a project for funding from the 15% described in paragraph (b). See section 23 below.

22. Submittal of Caltrans ITIP. After consulting with regional agencies and other local transportation authorities, Caltrans shall submit its ITIP to the Commission no later than Monday, March 2, 1998. At the same time, Caltrans will transmit a copy of the ITIP to each regional agency. The ITIP will include programming proposals from the interregional share for the 6-year STIP period ending FY 2003-04. These proposals may include new projects, program reserves, changes to prior STIP projects that were originally proposed by Caltrans in its PSTIP, and the interregional share of proposals for jointly funding new projects or cost increases from county and interregional shares.

The ITIP should include, for each proposed project, information (including assumptions and calculations) to support an objective analysis of interregional program priorities. That information, which should be based on the project study report, should include:

- *an estimate of total project costs, including mitigation costs and support costs;*
- *an estimate of the time of completion of project construction;*
- *an estimate of annual project benefits (at 2005) due to vehicle time savings and vehicle operating costs;*
- *for road projects, an estimate of annual project benefits (at 2005) due to reductions in fatalities and injuries;*
- *for rail projects, an estimate of the project's impact on ridership and the need for operating subsidies; and*
- *a description of how the project would implement the interregional strategic plan, including a description of its impact on California's economic growth and the interregional distribution of goods.*

23. Regional Recommendations for the Interregional Program. A regional agency may, in its RTIP, recommend improvements outside urbanized areas on interregional road system routes for funding from the interregional share. Interregional road system routes are defined in statute at Streets and Highways Code Sections 164.10 to 164.20, inclusive. By statute, the Commission may program a regional recommendation for the interregional program only if the Commission "makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by [Caltrans]." The Commission cautions regions, especially those with priority needs in both urbanized and nonurbanized areas, that nonurbanized area projects of highest regional priority should be proposed in the RTIP from the county share. The interregional program is not a nonurbanized area program, and the Commission does not intend to use the interregional program to meet most State highway needs in nonurbanized areas. The Commission anticipates programming regional recommendations for funding from the interregional program only when a

recommended project constitutes a cost-effective means of implementing the interregional strategic plan (see section 25).

Any regional recommendation for the interregional program shall be made in the RTIP and shall be separate and distinct from the RTIP proposal for programming from the county share(s). Each project nominated in this way must constitute a useable segment of highway. The nomination must be to fund the project fully through the interregional program. The nomination may not be part of a proposal for joint funding between the regional and interregional programs. Joint funding proposals may be made only in concert with Caltrans, with the region proposing the county share in its RTIP and Caltrans proposing the interregional share in the ITIP.

An RTIP proposal for interregional funding should be accompanied by information (including assumptions and calculations) to support the objective analysis that the Commission must make before it can program the project. That information, which should be based on the project study report, should include:

- an estimate of total project costs, including mitigation costs and support costs;
- an estimate of the time of completion of project construction;
- an estimate of annual project benefits (at 2020 **2005**) due to vehicle time savings **and vehicle operating costs**;
- an estimate of annual project benefits (at 2020 **2005**) due to reductions in fatalities and injuries; and
- a description of how the project would implement the interregional strategic plan, including a description of its impact on California's economic growth and the interregional distribution of goods.

24. Regional Transportation Plan. Projects included in the interregional program shall be consistent with the relevant adopted regional transportation plan(s).

25. Interregional Program Objectives. *The Commission envisions an interregional improvement program that works toward achievement of the following six objectives:*

- *Completing a trunk system of higher standard State highways (usually expressways and freeways).*
- *Connecting all urbanized areas, major metropolitan centers, and gateways to the freeway and expressway system to ensure a complete statewide system for the highest volume and most critical trip movements.*
- *Ensuring a dependable level of service for movement into and through major gateways of statewide significance and ensuring connectivity to key intermodal transfer facilities, seaports, air cargo terminals, and freight distribution facilities.*

- *Connecting urbanizing centers and high growth areas to the trunk system to ensure future connectivity, mobility, and access for the State's expanding population.*
- *Linking rural and smaller urban centers to the trunk system.*
- *Implementing an intercity passenger rail program that complies with Federal and State laws, improves service reliability, decreases running times, and reduces the per-passenger operating subsidy.*

The Caltrans ITIP should be based on a Strategic Plan for implementing the interregional program. The Strategic Plan should address development of both the interregional road system and intercity rail in California, and it should define a strategy that extends beyond the 1998 STIP. The ITIP should describe how proposed projects relate to the Strategic Plan and how the Strategic Plan would implement the Commission's objectives. The Commission will evaluate the ITIP and any regional recommendations for the interregional program in the light of these objectives and the Strategic Plan.

The interregional improvement program will include both State highway and rail projects (potentially including mass transit guideway and grade separation projects).

For State highways, the interregional program should emphasize the development of a basic trunk system (a subset of the larger interregional road system described in statute, with extensions in urbanized areas) that provides:

- *access to and through or around California's urbanized areas (over 50,000 population) and the following areas that serve as major economic centers for multicounty areas: Eureka, Susanville, and Bishop; and*
- *access to California's major interstate and international gateways, including interstate and international border crossings, international airports, and seaports.*

The Strategic Plan should identify this basic trunk system, with a primary focus on access between these areas and gateways, not on distribution within regions or on access to all counties. The focus should be on interregional commerce rather than on interregional commuting. While the interregional program may include projects on other interregional routes, the Commission expects the development of the basic trunk system to be the focus of near term investment.

The Commission expects the identification and selection of State highway projects for the interregional program to be based on consideration of cost in relationship to the following benefits, with higher priority given to projects with greater net benefit for the investment made:

- *traffic safety, including the potential for reducing fatalities and injuries;*
- *reduced travel time and vehicle operating costs for interregional travel;*

- *economic benefits to California of expanding interregional commerce through faster and more reliable access between markets; and*
- *economic benefits to California of expanding interstate and international trade and commerce through faster and more reliable access to California's international airports and seaports.*

Commerce includes the movement of people and goods for any economic purpose. It may include extractive industries (such as mining, agriculture, or timber) or recreation.

A large part of California's interregional road system is adequately developed for the near future, and the SHOPP provides for the protection and preservation of the existing system. The Commission therefore expects that the interregional program will be focused on underdeveloped gaps and corridors in the basic trunk system. There is no expectation that STIP interregional improvements will be evenly spread across the State, and the spreading of funding among regions is not a Commission objective for the interregional program.

For rail, the interregional program should emphasize:

- *the preservation and improvement of the existing system of State-sponsored intercity passenger rail routes, including compliance with safety and accessibility standards and protection of the State's investment in equipment;*
- *the reduction of the system's dependence on State operating subsidies;*
- *the improvement of other passenger rail access between major urban centers, airports and intercity rail routes; and*
- *the use of rail grade separations to improve service reliability for both intercity passenger rail and interregional goods movement.*

The Commission expects the identification and selection of rail capital projects for the interregional program (including grade separations) to be based on consideration of cost in relationship to the following benefits, with higher priority given to projects with greater net benefit for the investment made:

- *reduced intercity rail running times and operating costs (which may increase demand and reduce the need for operating subsidies);*
- *improved intercity rail schedule frequency and reliability (which may increase demand and reduce the need for operating subsidies); and*
- *economic benefits to California of promoting trade and commerce by creating faster and more reliable highway or rail access to markets, including access to California's international airports and seaports;*

For either highways or rail, Caltrans and the Commission may evaluate a project as part of a series of related projects in the same location or corridor. The evaluation may consider the costs and benefits of the projects as a group.

All projects in the group should be part of the Strategic Plan for near term funding, whether or not proposed for the 1998 STIP.

Where a potential interregional program project may provide substantial local benefits, it is appropriate that costs be divided between the regional and interregional programs. In this case, the evaluation of the project for the interregional program should be based on the interregional program cost share in relationship to the benefits described in this section.

26. TEA restriction on interregional share. In the Fund Estimate, the Commission will identify a portion of the interregional share in the Fund Estimate as restricted to TEA purposes. In the ITIP, Caltrans may program this TEA interregional share only for TEA projects or for a reserve for future TEA projects. Caltrans may choose to propose TEA projects for all or part of its TEA share initially or may choose to wait until the Commission issues further guidance for the TEA program after enactment of a Federal transportation authorization act.
27. Projects and Reserves. The ITIP should include a complete proposal for the programming of the STIP interregional share which complies with the various statutory restrictions, including: the two parts described in section 21 above (the 10% and 15% parts), the north/south split of the first part, and *the 2.25%* intercity rail minimum of the second part. Any portion of the interregional share that is not proposed for a specific project may be proposed as a reserve for future programming. This may include reserves of any kind, including a proposal to reserve a portion of the interregional share for the next share period in order to free up funding for county share advances.

Display of project descriptions and costs:

28. Project Description. The STIP will include the following information for each project, which should be included in the RTIP or ITIP proposing the project:
 - (a) The name of the agency responsible for project implementation.
 - (b) The project title, which should include a brief nontechnical description of the project location and limits (community name, street name, etc.), and a phrase describing the type and scope of the project.
 - (c) A unique project identification number provided by Caltrans.
 - (d) For projects on the State highway system, the route number and post-mile (or post-kilometer) limits.
 - (e) Any appropriate funding restriction or designation, including TEA projects, projects requiring PTA funding, and projects requiring Federal funds through the State Highway Account.
 - (f) The source and amounts of local or other non-STIP funds, if any, committed to the project.

29. State-only Funding. The Commission will assume that all projects will be qualified for Federal transportation funding unless the RTIP or ITIP designates otherwise. Whenever a region designates a project to be programmed for State-only (non-Federal) funding, the RTIP will explain the reason for this designation. The Commission will not program a State highway project for State-only funding without consulting with Caltrans.
30. Project Fact Sheets. For each new project proposed for the 1998 STIP, the RTIP or ITIP will include a project fact sheet that includes the information displayed in the Appendix to these guidelines. ***All regional agencies proposing rail transit projects will include full funding plans with the RTIP, as described in section 7.***
31. Cost Estimates for Project Components. For each project proposed for programming, the RTIP or ITIP shall list costs separately for each of the 4 project components: (1) environmental studies and permits; (2) preparation of plans, specifications, and estimates, (3) right-of-way, and (4) construction. For the right-of-way and construction components on Caltrans projects, the RTIP or ITIP shall list separate costs for Caltrans support and for capital outlay. For Caltrans projects, that brings the total to 6 project cost components.

For each project component, the amount programmed shall be escalated to the year proposed for programming, based on the current cost estimate updated as of November 1, 1997. The standard escalation rate for the 1998 STIP is 2.2% per year; Caltrans or a region may elect to use alternative escalation factors for right-of-way or other costs as it deems appropriate. STIP costs and non-STIP costs will be displayed separately. Where a project or project component will be funded from multiple county shares or jointly from the interregional share and a county share, the amounts programmed from the different shares will be displayed separately.

32. Authority and Responsibility. For projects on the State highway system, only cost estimates approved by the Caltrans Director or by a person authorized by the Director to approve cost estimates for programming will be used. For other projects, only cost estimates approved by the Chief Executive Officer or other authorized officer of the responsible local implementing agency will be used.
33. Basis for Cost Sharing. Where a project or project component is to be funded from both STIP and non-STIP sources, the STIP listing will indicate whether the programming commitment is for a particular dollar amount, a particular percentage of total project cost, or a particular element or item of work. Where a project or project component is to be jointly funded from the interregional share and a county share or funded from multiple county shares, the STIP listing will indicate the basis to be used for apportioning cost increases or decreases between the shares.

34. Program Year for Cost Components. The cost of each project cost component will be listed in the STIP no earlier than in the State fiscal year in which the particular project component can be delivered, as described below.
- (a) Project development. Costs for environmental studies and permits will be programmed in the fiscal year during which environmental studies will begin. Costs for the preparation of plans, specifications, and estimates will be programmed in the fiscal year during which this work will begin. For Caltrans support costs, each of these two project development components will be listed in one fiscal year, not necessarily the same fiscal year, regardless of the length of time over which the costs will be incurred. For local agency project development costs, each component may be listed in more than one fiscal year, where appropriate.
 - (b) Right-of-way. Right-of-way costs, including Caltrans support costs, will be programmed in the fiscal year or years during which right-of-way acquisition (including utility relocation) contracts may be executed. These costs may be listed for a single project in more than one fiscal year, where appropriate.
 - (c) Construction. Construction costs, including Caltrans construction support costs, will be programmed in the fiscal year during which construction contracts will be advertised. All construction costs that are included in or related to a single construction contract should be listed in one fiscal year, regardless of the length of time over which construction costs will be paid. Projects requiring separate construction contracts should be listed separately for the STIP, even if they are grouped for the purpose of share balance tabulations and adjustments, as described in section 42 below.
35. Escalation adjustments. All projects will count against share balances on the basis of their fully escalated (inflated) costs. All project RTIP and ITIP nominations should therefore be at costs escalated to the year in which project delivery is proposed (see ~~section~~ **sections 31 and 34** above). Commission staff may make further escalation adjustments, in consultation with Caltrans and regions, in making its staff recommendations and in developing the final 1998 STIP (see section 46 below). Ordinarily, the Commission will apply escalation adjustments only to Caltrans construction costs, not to right-of-way, project development, or local grant projects.
36. Prior Costs for 1996 STIP Projects. For every Caltrans project that will be carried forward to the 1998 STIP, Caltrans will identify the amount of its expenditures for right-of-way (including support) and for project development through the 1997-98 fiscal year. These amounts, when added to the amounts remaining and programmed for the 1998 STIP period, will form the project component base cost

for the purpose of share balance tabulations and adjustments, as described in sections 37-42 below.

Share Balances and Adjustments:

37. Long-term balances. The Commission, with assistance from Caltrans and regional agencies, will maintain a long-term balance of county shares and the interregional share, as specified in Streets and Highways Code Section 188.10. The initial shares from the 1998 STIP Fund Estimate are subject to change until June 30, 1998, when the Commission can calculate the cumulative ~~deficit~~ *deficits* for the 1996 STIP, as specified in Section 182.5(b),(d). The Commission will make its calculation of the June 30, 1998 share balances available for review by Caltrans and regional agencies by August 15, 1998.
38. Local Grant Projects. For the purpose of share balances, the costs counted for local grant projects (all project work not implemented by Caltrans) will be the amounts actually allocated by the Commission. No adjustment will be made after the allocation vote for any amount not expended by the local agency. Where a programmed amount has not been voted, the programmed amount will be counted.
39. Construction. For the purpose of share balances, the costs counted for Caltrans construction projects are the engineer's final estimate presented to the Commission for allocation vote, including the construction support amount identified by Caltrans at the time of the vote. No adjustment will be made after the allocation vote for the award amount or for changes in expenditures except where the Commission votes a supplemental allocation during or following construction. No adjustment will be made for supplemental allocations made by Caltrans under the authority delegated by Commission Resolution G-12, except that when a Commission supplemental vote is larger than it otherwise would have been because of a prior G-12 rescission (negative G-12) made by Caltrans, the effect of the negative G-12 will be excluded when counting the Commission's supplemental vote for the purpose of share balances. Where a project has not been voted, the programmed amount will be counted.
40. Right-of-Way. For the purpose of share balances, the costs counted for right-of-way on Caltrans projects, including right-of-way support costs, are the amounts programmed for right-of-way in the STIP. No adjustment is made for actual right-of-way purchase costs or support expenditures. However, if the final right-of-way estimate, including support costs, is greater than 120 percent of the STIP amount, the costs counted will be adjusted to that final estimate. To encourage accurate estimates and minimize the manipulation of share balances, the Commission will consider STIP amendments for project right-of-way costs only in conjunction with the statewide review of right-of-way costs in the annual right-of-way plan.

41. Project Development. For the purpose of share balances, the costs counted for Caltrans project development are the amounts programmed for both environmental studies and permits and preparing plans, specifications, and estimates. No adjustment will be made for cost differences that are within 20 percent of the amount programmed for project development. To encourage accurate estimates and minimize the manipulation of share balances, the Commission will consider STIP amendments for project development only when the change in total project development costs is 20 percent or more.
42. Corridor Projects. For the purpose of share balance tabulations and adjustments, groups of projects along a route or in a corridor area may be treated as a single project. A grouping of projects for this purpose should constitute a single major route segment or improvement. That means that, within each of the four defined project components, costs may be freely shifted among the individual projects in the group. This does not permit shifting costs between project development, right-of-way, and construction.

Commission Action and Adoption:

43. Incorporation or Rejection of RTIP. The Commission will include all RTIP projects nominated from the current county share in the STIP unless the Commission finds that the RTIP is not consistent with these guidelines or that the RTIP is not a cost-effective expenditure of State funds. If the Commission makes one of those findings, it may reject the RTIP in its entirety. For the 6-county SCAG area, the Commission will incorporate or reject each county's RTIP separately. For MTC and SACOG, the Commission will incorporate or reject the multicounty RTIP in its entirety. For any counties that choose to pool county shares, the Commission will incorporate or reject the counties' RTIPs together.

If the Commission proposes to reject an RTIP, it will provide notice to the regional agency not less **later** than 60 days after the date it receives the RTIP. The Commission's Executive Director may provide the notice by letter; the notice does not require formal Commission action. Any regional agency that has submitted a 1998 RTIP prior to the adoption of these guidelines (January 14, 1998) should resubmit its RTIP; the Commission will not recognize any RTIP received prior to this time. The notice will specify the factual basis for the proposed rejection. The Commission will act on the proposed rejection of an RTIP no later than the adoption of the 1998 STIP. No later than 60 days after the Commission rejects an RTIP, it will hold a public hearing on the RTIP in the affected region unless the regional agency proposes to waive the hearing and submit a new RTIP. Whenever the Commission rejects an RTIP, the regional agency may submit a new RTIP. Unless the new RTIP is rejected in the same manner, it will be incorporated into the STIP as a STIP amendment. This amendment will not require a separate 30-day public notice if the new RTIP is limited to projects considered in the STIP hearings or in a public hearing on the proposed RTIP rejection.

44. Commission Action on Long-term Advances and Reserves. If the Commission approves a region's request to advance an amount beyond its county share to program a larger project, the advance made for the 1998 STIP will be deducted from the county share for the four-year period ending FY 2007-08, which will first be programmed in the 2002 STIP. If the Commission does not approve the advance and does not program the project or project components that the RTIP proposed to program with the advance, the Commission will reserve any portion of the county share that is thereby left unprogrammed until the next county share period. This action will not require a rejection of the entire RTIP.

An RTIP request to reserve part or all of a county share until the next county share period will free up current period funding that the Commission may use to advance county shares in other counties. SB 45 also permits the Commission, with the consent of Caltrans, to consider advancing county shares by reserving a portion of the interregional share until the next county share period.

45. Commission Action on Interregional Program. The Commission will program the interregional share of the STIP from projects nominated by Caltrans in its ITIP or alternative recommendations made by regions in their RTIPs. By statute, the Commission may program a regional recommendation for the interregional program only if the Commission "makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by [Caltrans]." The Commission may decline to program any project it finds inconsistent with these guidelines or not a cost-effective expenditure of State funds. After a review of the nominated projects, the Commission may elect to leave a portion of the interregional share unprogrammed and reserved for programming in the 2000 STIP or, with the consent of Caltrans, may reserve a portion of the interregional share for the next share period in order to free up funding for county share advances. The unprogrammed reserve for the 2000 STIP may consider the need to reserve funding for project development work on projects not yet identified.
46. STIP Respreading of Projects. The Commission may program projects, project components and project reserves in fiscal years later than the fiscal years proposed in the RTIP or ITIP if the Commission finds it necessary to do so to better match yearly program levels to available funding capacity. In that case, the Commission will compare all projects nominated for the year(s) from which projects will be postponed, giving consideration to the leveling of regional shares across the STIP period and, in consultation with Caltrans, to the need to balance Caltrans' workload by district and fiscal year.

47. ~~Priorities for PTA Funding.~~ The Commission will apply available PTA funds to the STIP in the following priority order:

- (a) ~~Intercity rail rolling stock (for which neither Federal transportation funds nor Article XIX funds are available).~~
- (b) ~~Other projects for which neither Federal transportation funds nor Article XIX funds are available, including ferry vessels and short-line railroad rehabilitation.~~
- (c) ~~Non-Federal match for projects for which Article XIX funds are not available, including regional and local rail rolling stock, non-rail intermodal transfer stations, and bus rehabilitation (but not bus acquisition, which is not a statutory use of PTA funds).~~
- (d) ~~Additional funding for regional and local guideway rolling stock.~~
- (e) ~~Other statutory PTA purposes which duplicate SHA eligibility: railroad rights-of-way acquisition, guideway fixed facilities, grade separations, rail intermodal stations, and ferry terminals.~~

~~If the Commission is forced by funding limitations to select from among regional program nominations within the same PTA priority category above, it may consider project readiness and the availability of non-STIP funding to carry out the project. If a region proposes a project for PTA funding and the Commission finds that it cannot include the project in the STIP because of a shortage of PTA funds, the Commission will program a reserve for programming in the 2000 STIP in place of the regional proposal. This action will not require the rejection of the RTIP in its entirety. The region may then propose a STIP amendment to program the reserved funds for another project.~~

STIP Management:

48 47. Timely Use of Funds. Funds that are programmed for local grant projects or for Caltrans construction costs, including short-term reserves as described in section 16 above, are available for allocation only until the end of the fiscal year identified in the STIP, as it may be amended. When allocated, these funds are available for encumbrance only until the end of the second fiscal year following the year in which the funds were programmed. For Caltrans construction costs, funds are encumbered by the Caltrans construction contract award. For local grant projects, the funds are encumbered for this purpose when the local agency has expended them and ~~invoiced~~ ***or encumbered them under contract, provided that the local agency invoices*** Caltrans for reimbursement ***no later than 180 days after the fiscal year of expenditure or contract payment.***

The Commission may extend these deadlines no more than one time and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not

exceed the period of delay directly attributed to the extraordinary circumstance and will in no event be for more than 20 months.

Whenever programmed funds are not allocated within this deadline, the project programming will be deleted from the STIP. The Commission will not make the funds immediately available to the county share or interregional share for reprogramming. The Commission will, however, adjust the share balance to restore the funds in the next county share period (available in the 2002 STIP).

Whenever allocated funds are not encumbered within the deadline, the allocation will be rescinded. The Commission will not adjust the county or interregional share for any unencumbered balance of the allocation.

The Commission will apply these timely use of funds provisions to projects carried forward from the 1996 STIP as well as to new 1998 STIP projects. These provisions will not apply to Caltrans support costs, which the Commission does not allocate, or to Caltrans right-of-way costs, which the Commission ~~does not~~ *allocates* annually *on a lump sum basis rather than* by project.

The Commission may, at the request of Caltrans or a regional agency, amend the STIP for project funding that has not yet allocated, reprogramming the funding to a later fiscal year and thus postponing the application of these timely use of funds provisions (see section ~~49~~ **48**, below).

49 48. STIP Amendments. The Commission may amend the 1998 STIP at the request of the entity, either Caltrans or the regional agency, that originally nominated the STIP project(s) to be changed or deleted by the amendment. The Commission will amend the STIP only after providing at least 30 days public notice. Projects proposed by amendment will be subject to the same standards and criteria that apply to RTIP and ITIP proposals. Each amendment will designate from which county share(s) or interregional share the project is being funded, and the Commission will adjust share balances accordingly. An amendment may not create or increase a county share surplus unless the Commission finds that it can approve an advance of the county share (see sections 14 and 44 above).

An amendment may change the cost or program year of any STIP project, except that the Commission will not amend the STIP:

- to change Caltrans right-of-way costs, except in conjunction with the annual right-of-way plan;
- to change Caltrans project development costs, except when the change in total project development costs is 20 percent or more; or
- to change the programming of any funds after they have been allocated.

STIP Development Schedule and Procedures:

- 50 **49. 1998 STIP Development Schedule.** The Commission has outlined the following schedule for the development and adoption of the 1998 STIP:

| | |
|---|--|
| Caltrans presents Draft Fund Estimate. | December 9-10, 1997 meeting, Sacramento. |
| CTC considers draft interim guidelines. | December 9-10, 1997 meeting, Sacramento. |
| CTC adopts Fund Estimate. | January 14-15, 1998 meeting, Sacramento. |
| CTC adopts interim guidelines. | January 14-15, 1998 meeting, Sacramento. |
| Regions submit RTIPs. | March 2, 1998. |
| Caltrans submits ITIP. | March 2, 1998. |
| CTC STIP hearing, North. | March 31-April 1, 1998 meeting, S. F. |
| CTC STIP hearing, South. | April 7, 1998, Los Angeles. |
| CTC publishes staff recommendations. | May 13, 1998. |
| CTC adopts 1998 STIP. | June 2-3, 1998 meeting, Orange County. |

50. ***Interregional Program Consultation Review. No later than February 17, 1998, the Commission intends to conduct a review of the extent to which Caltrans has fulfilled its obligation to consult fully with regional agencies in the development of the ITIP and the RTIPs. In particular, that review will focus on the extent to which Caltrans has advised regions of its project proposals and consulted with them regarding the potential for joint funding from county and interregional shares (see section 3). This is the advice that a region needs in order to determine whether its RTIP should propose a particular project for county share funding, for joint funding, or as a recommendation for interregional program funding.***
51. **1998 STIP Hearings.** The Commission will hold two STIP hearings for Caltrans and regional agencies, one in northern California (March 31-April 1 in San Francisco) and one in southern California (April 7 in Los Angeles). By statute, the hearings are “to reconcile any objections by any county or regional agency to the department’s program or the department’s objections to any regional program.” The Commission will expect any objections to the Caltrans program or to a regional program to be expressed in terms of the undesirable impact that the program would have on the implementation of the respective agency’s long range transportation plan(s).
52. **Transmittal of RTIPs.** By statute, regional agencies are required to adopt and submit their 1998 RTIPs both to the Commission and to Caltrans no later than Monday, March 2, 1998. The Commission requests that each region send two copies of its RTIP, addressed to:

Robert I. Remen, Executive Director
California Transportation Commission
Mail Station 52
1120 N Street
Sacramento, CA 95814

Caltrans requests that each region send at least one copy each to both:

- (1) the appropriate Caltrans District Director and
- (2) Jim Nicholas, Program Manager
Transportation Programming
Attention: Wayne Lewis
Department of Transportation
Mail Station 82
P. O. Box 942874
Sacramento, CA 94274-0001

APPENDIX**PROJECT NOMINATION SHEET**

[MAP]

Transportation Problem:**Project Scope:**

Unique Identifier # _____

Route - Location - (PostMile):

Description of Project Limits:

Description of Project Scope:

Special Conditions (if any):

Project Component Costs:

| | <u>STIP \$</u> | <u>_____ \$</u> | <u>_____ \$</u> | <u>_____ \$</u> | <u>TOTAL</u> |
|-----------------------|----------------|-----------------|-----------------|-----------------|--------------|
| <u>\$</u> | | | | | |
| Environmental | | | | | |
| Design Engineering | | | | | |
| R/W, Caltrans support | | | | | |
| Right of Way | | | | | |
| Construction | | | | | |
| Construction, support | | | | | |
| TOTAL | | | | | <u>_____</u> |

Funding Conditions:

Proposed Schedule:Quarter & Year

Start Environmental Studies
 Draft Environmental Document
 Final Environmental Document
 Begin Design Engineering
 Plans, Specs, & Estimates
 Start R/W Acquisition
 R/W Certification
 Ready to Advertise
 Start Construction (award)
 Project Completion (open for use)

Responsible Agency/Agencies:

Contact Person & Phone #: